



Office Of Health Care Access Certificate of Need Application

Final Decision

Applicant: John Dempsey Hospital of the
University of Connecticut Health Center

Docket Number: 04-30272-CON

Project Title: Termination of Bone Marrow Transplant Services

Statutory Reference: Section 19a-638 of the Connecticut General Statutes

Filing Date: June 30, 2004

Decision Date: July 8, 2004

Default Date: September 28, 2004

Staff Assigned: Karen Roberts

Project Description: John Dempsey Hospital of the University of Connecticut Health Center proposes to terminate its Bone Marrow Transplant Services. There is no associated capital expenditure.

Nature of Proceedings: On June 30, 2004, the Office of Health Care Access (“OHCA”) received the CON application from John Dempsey Hospital (“Hospital”) of the University of Connecticut Health Center seeking authorization for the termination of its Bone Marrow Transplant Services, with no associated capital expenditure. The Hospital is a state health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes.

On April 16, 2004, the Hospital was informed by OHCA that a notice to the public regarding receipt of the Hospital’s Letter of Intent (“LOI”) to file its Certificate of Need (“CON”) application would be published in the *Hartford Courant* pursuant to Section 19a-638 of the Connecticut General Statutes (“C.G.S.”) as amended by Section 1 of Public Act 03-17. OHCA has received no comments from the public concerning the Hospital’s LOI or CON application.

OHCA's authority to review and approve, modify or deny this proposal is established by Section 19a-638 of the Connecticut General Statutes ("C.G.S."). The provisions of this section, as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

Findings of Fact

Clear Public Need, Impact of the Proposal on the Applicant's Current Utilization Statistics, Proposal's Contribution to the Quality of Health Care Delivery in the Region, Proposal's Contribution to the Accessibility of Health Care Delivery in the Region

- 1) John Dempsey Hospital ("Hospital") is the acute care hospital component of the University of Connecticut Health Center located in Farmington, Connecticut. (*CON Application, June 30, 2004, page 1*)
- 2) The Hospital was authorized to establish a Bone Marrow Transplant Program pursuant to a Certificate of Need authorized under Docket Number 87-520, as modified by Docket Number 88-539R. (*CON Determination, March 26, 2004, page 1*)
- 3) On March 26, 2004, the Office of Health Care Access ("OHCA") determined under Certificate of Need ("CON") Determination Report Number 04-30272-DTR that the Hospital must obtain CON authorization for the termination of the Hospital's Bone Marrow Transplant Program. (*CON Determination, March 26, 2004, page 2*)
- 4) Information from OHCA's inpatient discharge database demonstrated that the Hospital had no inpatient volume related to Bone Marrow Transplants for the first and second quarters of FY 2003. (*CON Determination, March 26, 2004, page 1*)
- 5) The Hospital indicated that the physician that had been designated as the head of the Bone Marrow Transplant Program resigned his position with the School of Medicine of the University of Connecticut Health Center in October 2001. (*CON Determination, March 26, 2004, page 1*)
- 6) The last bone marrow transplant procedure was performed in February 2002. The Hospital is not providing bone marrow transplant procedures to patients either within clinical trials or otherwise. (*CON Determination, March 26, 2004, page 2*)
- 7) Dr. Carolyn Runowicz was recruited to lead the University of Connecticut Health Center Cancer Signature Program in October 2003. She has indicated that "she does not intend to continue the provision of bone marrow transplant services" at the Hospital and UCHC. (*CON Determination, March 26, 2004, page 2*)

8) The terminated service was used for the following diseases:

- Malignant hematologic disorders, including acute leukemia, chronic myelogenous leukemia, chronic lymphocytic leukemia, non-Hodgkin's lymphoma, Hodgkin's lymphoma and Multiple myeloma.
- Aplastic anemia
- Breast Cancer
- Germ Cell Tumors

(CON Application, June 30, 2004, Page 3)

9) The Hospital determined that there was no or insufficient public need for the continuation of this service and stated the following as rationale for terminating this service:

- a) The utility of autologous hematopoietic stem cell transplants ("HSCT") for the treatment of women with breast cancer and high risk of recurrent disease was called into question by a large randomized clinical trial. Approximately half of the patients undergoing HSCT at the Hospital were women with breast cancer.
- b) The development of new targeted agents (e.g. Imatininb – Gleevec ®) may decrease the need for HSCT in some patients with hematologic malignancies.
- c) The ability to perform clinical research at a relatively small center was deemed a significant impediment.

(CON Application, June 30, 2004, Pages 2 and 3)

10) CHIME data shows the number of patients undergoing bone marrow transplant (DRG 481) in Connecticut hospitals has been declining as following:

106 patients in FY 2000
79 patients in FY 2001
80 patients in FY 2002
56 patients in FY 2003

(CON Application, June 30, 2004, Page 3)

11) The Hospital's Fiscal Year 2001 ran from July 1, 2000 through June 30, 2001. The ICD-9-CM procedure codes associated with this terminated service and the Hospital's FY 2001 utilization for each procedure code are as follows:

Table 1: FY 2001 Utilization by ICD-9-CM Procedure Code

ICD-9-CM Code	ICD-9-CM Procedure Name	FY 2001 cases
41.03	Allogeneic Bone Marrow Transplant without Purging	1
41.04	Autologous Hematopoietic Stem Cell Transplant	23
41.05	Allogeneic Hematopoietic Stem Cell Transplant	11
TOTAL		35

(CON Application, June 30, 2004, Pages 2, 4 and 8)

12) The patient towns of origin for the FY 2001 cases are as follows:

Hartford	5 patients
Bloomfield	2 patients
Newington	2 patients
Waterbury	2 patients
Out of State	2 patients
22 other Connecticut towns	<u>22 patients</u> (1 patient from each town)
	35 patients

(CON Application, June 30, 2004, Pages 4 and 5)

13) The Hospital was reimbursed by payers for these services; however, reimbursement was a factor in the decision to terminate services. *(CON Application, June 30, 2004, Page 3)*

14) Patients who had the procedure at the Hospital continued to be treated at the Hospital as part of their course of treatment. The Hospital has not accepted any new patients into the program since February of 2002. *(CON Application, June 30, 2004, Page 4)*

15) Patients for whom bone marrow transplant is clinically indicated are referred to Yale-New Haven Hospital and to hospitals located outside of Connecticut. *(CON Application, June 30, 2004, Pages 4 and 5)*

16) There were no patients waiting on any waiting list at the time of termination. Hospital physicians and staff have not observed any barriers to access created as a result of this termination of services. *(CON Application, June 30, 2004, Page 5)*

17) The Hospital still has the facilities in place and the services necessary to perform bone marrow transplant procedures, but it is not currently accepting patients for this program. The Hospital still has attending physicians and hospital staff capable of providing bone marrow transplant services but they are not an active bone marrow transplant team. *(CON Determination, March 26, 2004, page 2)*

Financial Feasibility and Cost Effectiveness of the Proposal and its Impact on the Hospital's Rates and Financial Condition

18) There is no capital cost or capital expenditure associated with this termination of services. *(CON Application, June 30, 2004, Page 7)*

19) Early in 2002, with the impending departure of the physician director of the bone marrow transplant program, the Hospital assessed what the impact would be of program termination. The analysis was based on revenue and expense data relative to the 35 cases that occurred between July 1, 2000 through June 30, 2001 (Hospital's FY 2001). *(Certificate of Need Application, June 30, 2004, page 8)*

20) The following table reflects that the program experienced an operating loss of \$270,595 for FY 2001. This information is based on the Hospital's 2002 analysis of the FY 2001 caseload. (*Certificate of Need Application, June 30, 2004, page 8 and Financial Proformas*)

Table 2: Incremental Impact of termination of service (based on a 2002 analysis)

Category	Incremental Change
Total Net Patient Revenue	\$5,680,087
Total Operating Expenses	\$5,950,682
Gain /(Loss) from Operations	\$(270,595)
Equivalent Employees	(6.0)

(*Certificate of Need Application, June 30, 2004, Financial Proforma*)

21) The Bone Marrow Transplant Program did not have a unique cost center. Costs associated with the program were included in the Inpatient Oncology cost center and the Outpatient Cancer Center cost center, as well as multiple other departments including pharmacy and laboratory. (*CON Application, June 30, 2004, Page 7*)

22) The Hospital's current and projected payer mix is as follows:

Table 3: Hospital Current and Projected Payer Mix

Payer	Payer Mix
Medicare	42.82%
Medicaid	12.48%
TriCare (CHAMPUS)	0.17%
Total Government	55.47%
Commercial Insurers	40.87%
Self-Pay	0.38%
Workers Compensation	1.78%
Total Non-Government	42.53%
Uncompensated Care	1.5%
Total Payer Mix	100.0%

(*Certificate of Need Application, June 30, 2004, Page 8*)

Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines

The following findings are made pursuant to the principles and guidelines set forth in Section 19a-637, C.G.S.:

23) There is no State Health Plan in existence at this time. (*Certificate of Need Application, June 30, 2004, Page 2*)

24) The Hospital's proposal is consistent with its long-range plan. (*Certificate of Need Application, June 30, 2004, page 2*)

- 25) The proposal will not change the Hospital's research responsibilities. There is an impact on the Hospital's teaching responsibilities. Clinical instruction in HSCT is a Residency Review Committee requirement for the Hematology-Oncology fellowship program. Yale School of Medicine and the Fred Hutchinson Cancer Center in Seattle, Washington have agreed to accept University of Connecticut Health Center fellows for this experience. (*Certificate of Need Application, June 30, 2004, page 6*)
- 26) There are no distinguishing characteristics of the Hospital's patient/physician mix. (*Certificate of Need Application, June 30, 2004, page 6*)
- 27) The Hospital has improved productivity and contained costs through group purchasing, reengineering, mercury removal and application of technology. (*Certificate of Need Application, June 30, 2004, pages 5 and 6*)
- 28) The Hospital has sufficient technical and managerial competence to provide efficient and adequate service to the public. (*Certificate of Need Application, June 30, 2004*)
- 29) The Hospital's rates are sufficient to cover the proposed financial impact of this termination of services. (*Certificate of Need Application, June 30, 2004, Financial Pro-forma*)

Rationale

John Dempsey Hospital of the University of Connecticut Health Center proposes to terminate its Bone Marrow Transplant Services. John Dempsey Hospital (“Hospital”) is the acute care hospital component of the University of Connecticut Health Center located in Farmington, Connecticut. The Hospital was authorized to establish a Bone Marrow Transplant Program pursuant to a Certificate of Need authorized under Docket Number 87-520, as modified by Docket Number 88-539R. The last bone marrow transplant procedure was performed in February 2002. The current head of the University of Connecticut Health Center Cancer Signature Program has indicated that “she does not intend to continue the provision of bone marrow transplant services” at the Hospital and UCHC. On March 26, 2004, the Office of Health Care Access (“OHCA”) determined under Certificate of Need (“CON”) Determination Report Number 04-30272-DTR that the Hospital must obtain CON authorization for the termination of the Hospital’s Bone Marrow Transplant Program.

The terminated service was used for the following diseases: Malignant hematologic disorders, including acute leukemia, chronic myelogenous leukemia, chronic lymphocytic leukemia, non-Hodgkin’s lymphoma, Hodgkin’s lymphoma and Multiple myeloma, Aplastic anemia, Breast Cancer and Germ Cell Tumors. The Hospital determined that there was no or insufficient public need for the continuation of this service and stated the following as rationale for terminating this service: (a) The utility of autologous hematopoietic stem cell transplant (“HSCT”) for the treatment of women with breast cancer and high risk of recurrent disease was called into question by a large randomized clinical trial {approximately half of the patients undergoing HSCT at the Hospital were women with breast cancer}, (b) The development of new targeted agents (e.g. Imatininb – Gleevec ®) may decrease the need for HSCT in some patients with hematologic malignancies, and (c) The ability to perform clinical research at a relatively small center was deemed a significant impediment. CHIME data shows the number of patients undergoing bone marrow transplant (DRG 481) in Connecticut hospitals has been declining from FY 2000 to FY 2003. From July 1, 2000 through June 30, 2001 the Hospital performed only 35 transplants on patients from throughout the State of Connecticut.

Patients for whom bone marrow transplant is clinically indicated are referred to Yale-New Haven Hospital and to hospitals located outside of Connecticut. There were no patients waiting on any waiting list at the time of termination. Hospital physicians and staff have not observed any barriers to access created as a result of this termination of services. OHCA concurs with the Hospital’s conclusion that there is no clear public need for this program at John Dempsey Hospital at this time. The termination of this program at this location does not appear to create a barrier to accessible quality health care.

There is no capital expenditure or capital cost associated with this proposal. Based on the 35 transplant cases that occurred between July 1, 2000 through June 30, 2001 (Hospital's FY 2001), the bone marrow transplant program resulted in a loss from operations of \$(270,595). Reimbursement was also factor in the decision to terminate services. It is therefore cost effective and financially feasible for the Hospital to terminate this program.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of John Dempsey Hospital of the University of Connecticut Health Center to terminate its bone marrow transplant program is hereby **GRANTED**.

Order

John Dempsey Hospital of the University of Connecticut Health Center (“Hospital”) is hereby authorized to terminate its Bone Marrow Transplant Program. In order for the Hospital to reestablish this program at any time in the future, the Hospital must seek authorization from OHCA pursuant to Section 19-638 of the Connecticut General Statutes.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Office of Health Care Access

July 8, 2004

Signed by Cristine A. Vogel
Commissioner

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